

# Sheets & Crossfield, P.C.

ATTORNEYS AT LAW

309 East Main Street • Round Rock, TX 78664-5246

Phone 512-255-8877 • fax 512-255-8986

[www.sheets-crossfield.com](http://www.sheets-crossfield.com)

October 5, 2012

Ed Small  
Jackson Walker L.L.P.  
100 Congress Avenue Ste. 1100  
Austin, Texas 78701

VIA EMAIL: [esmall@jw.com](mailto:esmall@jw.com)

Dear Ed:

This letter is in response to your email of September 26, 2012 and the Preliminary List of concerns that was attached to that email. I have reviewed the list with a select few of the elected representatives of the cities of Cedar Park, Leander and Round Rock and offer this response for your consideration.

Our initial thought is that any serious discussion of the list of issues and concerns with respect to development and construction of proposed facilities within Volente is premature. While the BCRUA understands and expects that it will, to some extent, be subject to the reasonable regulations of the City of Volente when the time comes, that time is literally years in the future.

At this time, the BCRUA has merely designated a preferred site for the intake facility and the pumping station. Not only do we not own any property in Volente, we have not initiated official negotiations for the purchase of a site.

Our present schedule calls for the deep water intake and pumping station to be completed and operational in 2020, plus or minus two years. This will require that construction begin in 2018, plus or minus two years. Design will likely start in 2017, plus or minus one year. This schedule is subject to change if growth is significantly more or less than projections and also subject to fluctuations in the level of Lake Travis. Therefore, it is not practical for the BCRUA to have any meaningful discussions with Volente with respect to your list until 2016 at the absolute earliest. Please understand that BCRUA will be more than willing to discuss this list with Volente when the time is appropriate.

With the foregoing in mind, the BCRUA proposes a different path towards resolving the dispute that currently exists with Volente, which I will outline below.

1. Memorandum of Understanding. The first action would be for the BCRUA and the City of Volente to officially approve a Memorandum of Understanding that sets out the following:

- (a) the history of the water supply project,
  - (b) that the BCRUA has studied a number of potential sites for the deep water intake and pumping station,
  - (b) that the BCRUA has determined that Site 4 is the preferred site,
  - (c) that Volente has objections to Site 4,
  - (d) that Volente prefers that the BCRUA locate the pumping station on Site 8,
  - (e) that BCRUA agrees to apply to the proper entities (presumably LCRA and Travis County) to obtain permission to construct the pumping station on Site 8;
  - (f) that Site 4 be utilized solely for the deep water intake and maintenance building;
- and
- (g) Volente agrees to officially support BCRUA's efforts to make Site 8 the preferred site for the pumping station.

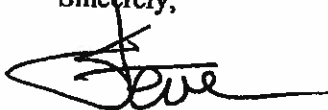
I have attached a draft of the proposed MOU for your review and comment.

2 Contractual Agreements. The second action would be more akin to one or more contractual agreements in which we include terms such as the following:

- a. BCRUA agrees to keep Volente informed regarding any changes in the project or schedule;
- b. Volente agrees to keep the BCRUA informed regarding any changes in its development and construction regulations;
- c. BCRUA and Volente agree on which of Volente's development regulations apply to the intake facility and maintenance building to be constructed on Site 4;
- d. BCRUA agrees to deal with Volente in good faith with respect to complying with the applicable and reasonable development regulations of Volente; and
- e. Volente agrees to deal with the BCRUA in good faith with respect to imposing the applicable and reasonable development regulations of Volente and the granting of permits for the development of the site as well as the construction and operation of the intake facility and maintenance building.

After you have had a chance to review this letter and the attached MOU, please give me a call and let's discuss how best to proceed. I look forward to hearing from you soon.

Sincerely,



Stephan L. Sheets

Enclosure

cc: Chris Fielder via email